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1-10-1996

# Top Income Tax Brackets. Continuation. Revenues To Local Agencies.

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# State of California

## SECRETARY OF STATE

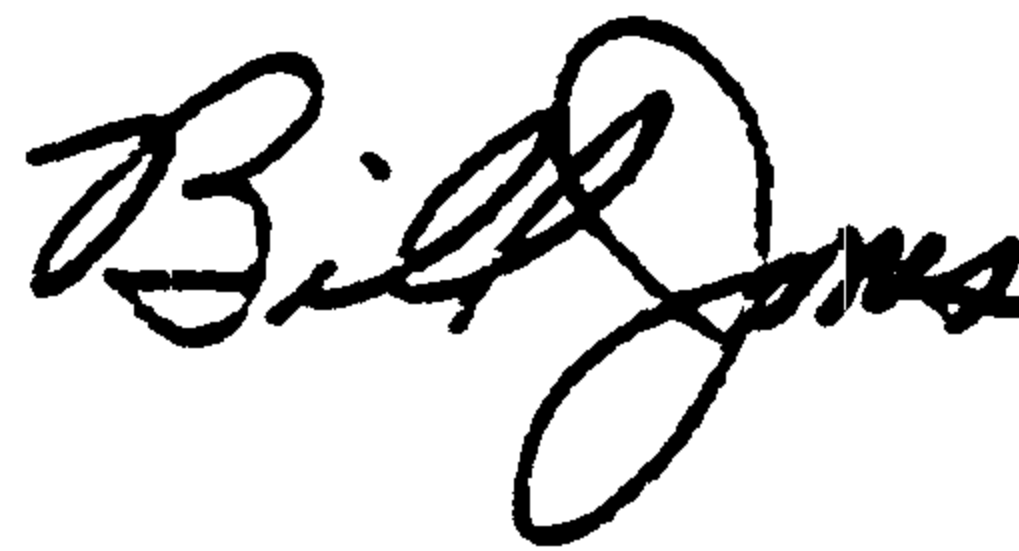
June 13, 1996

TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS (96206)

Pursuant to Section 9033 of the Elections Code, I hereby certify that on June 13, 1996 the certificates received from the County Clerks or Registrars of Voters by the Secretary of State established that the Initiative Statute, TOP INCOME TAX BRACKETS. CONTINUATION. REVENUES TO LOCAL AGENCIES. has been signed by the requisite number of qualified electors needed to declare the petition sufficient. The TOP INCOME TAX BRACKETS. CONTINUATION. REVENUES TO LOCAL AGENCIES. INITIATIVE STATUTE. is, therefore, qualified for the November 5, 1996 General Election.

TOP INCOME TAX BRACKETS. CONTINUATION. REVENUES TO LOCAL AGENCIES. INITIATIVE STATUTE. Continues highest tax rates of 10% and 11% on residents with taxable income over \$100,000 and \$200,000, respectively, and residents who are heads of households with taxable income over \$136,115 and \$272,230, respectively. Requires apportionment of revenues from continued tax brackets among counties. Requires counties to allocate such revenues among local agencies in accordance with each agency's proportionate share of property tax revenue that must be transferred under 1994 legislation to local school and community college districts. Prohibits future reduction of a local agency's proportionate share of property taxes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Increased revenue to the state of approximately \$900 million in the 1996-1997 fiscal year and approximately \$750 million annually thereafter. Up to 60% of the increased revenue would be allocated to schools and the remainder would be allocated to local governments. Limits the state's ability to reduce local government revenues through property tax shifts.

IN WITNESS WHEREOF, I hereunto  
set my hand and affix the Great Seal of  
the State of California this 13<sup>th</sup> day of  
June, 1996.



BILL JONES  
Secretary of State







Bill Jones  
Secretary of State

1500 - 11th Street  
Sacramento, CA 95814

Elections Division  
(916) 657-2166  
For Hearing and Speech  
Impaired Only: (800) 833-8683

#703

January 10, 1996

TO ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENTS (96030)

TOP INCOME TAX BRACKETS. CONTINUATION.  
REVENUES TO LOCAL AGENCIES.  
INITIATIVE STATUTE.

Pursuant to Section 336 of the Elections Code, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

Circulating and Filing Schedule

1. Minimum number of signatures required . . . . . 433,269  
Cal. Const., Art. II, Sec. 8(b).
2. Official Summary Date . . . . . Wednesday, 01/10/96  
Elec. C., Sec. 336.
3. Petition Sections:
  - a. First day Proponents can circulate Sections for  
signatures . . . . . Wednesday, 01/10/96  
Elec. C., Sec. 336.
  - b. Last day Proponents can circulate and file with  
the county. All sections are to be filed at  
the same time within each county . . . . . Friday, 06/07/96  
Elec. C., Secs. 336, 9030(a).
  - c. Last day for county to determine total number of  
signatures affixed to petition and to transmit total  
to the Secretary of State . . . . . Wednesday, 06/19/96  
Elec. C., Sec. 9030(b).

(If the Proponents file the petition with the county on a date prior to 06/07/96, the county has eight working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State.) Elec. C., Sec. 9030(b).

d. Secretary of State determines whether the total number of signatures filed with all county clerks meets the minimum number of required signatures, and notifies the counties . . . . . Friday, 06/28/96\*  
Elec. C., Sec. 9030(c).

e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State . . . . . Monday, 08/12/96  
Elec. C., Sec. 9030(d).

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 06/28/96, the last day is no later than the thirtieth day after the county's receipt of notification.)  
Elec. C., Sec. 9030(d), (e).

f. If the signature count is more than 476,596 or less than 411,606 then the Secretary of State certifies the petition has qualified or failed, and notifies the counties. If the signature count is between 411,606 and 476,596 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures . Thursday, 08/22/96\*  
Elec. C., Secs. 9030(f), (g); 9031(a).

g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State . . . . . Monday, 10/07/96  
Elec. C., Sec. 9031(b), (c).

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 08/22/96, the last day is no later than the thirtieth working day after county's receipt of notification.)  
Elec. C., Sec. 9031(b), (c).

h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient . . . . . Friday, 10/11/96\*  
Elec. C., Sec. 9031(d), 9033.

\* Date varies based on receipt of county certification.

4. The Proponents of the above-named measure are:

Lenny Goldberg  
Roy Ulrich  
California Tax Reform Association  
926 "J" Street, Suite 710  
Sacramento, CA 95814.  
(916) 446-4300

5. Important Points:

- (a) California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fund raising or requests for support. Any such misuse constitutes a crime under California law. Elections Code section 18650; Bilofsky v. Deukmejian (1981) 123 Cal.App. 3d 825, 177 Cal.Rptr. 621; 63 Ops. Cal.Atty.Gen. 37 (1980).
- (b) Please refer to Elections Code sections 100, 101, 104, 9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing, and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- (c) Your attention is directed to the campaign disclosure requirements of the Political Reform Act of 1974, Government Code section 81000 et seq.
- (d) When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- (e) When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- (f) When filing the petition with the county elections official, please provide a blank petition for elections official use.

**NOTE TO PROPONENTS WHO WISH TO QUALIFY FOR THE NOVEMBER 5, 1996 GENERAL ELECTION:** This initiative must be certified for the ballot 131 days before the election (June 27, 1996). Please remember to time your submissions accordingly. For example, in order to allow the maximum time permitted by law for the random sample verification process, it is suggested that proponents file their petitions to county elections officials by April 19, 1996. If a 100% check of signatures is necessary, it is advised that the petitions be filed by February 28, 1996.

Sincerely,



CATHY MITCHELL  
ELECTIONS SPECIALIST

DANIEL E. LUNGREN  
Attorney General

State of California  
DEPARTMENT OF JUSTICE



1300 I STREET, SUITE 125  
P.O. BOX 944255  
SACRAMENTO, CA 94244-2550  
(916) 445-9555

Facsimile: (916) 323-2137  
(916) 324-5490

January 10, 1996

**FILED**  
In the office of the Secretary of State  
of the State of California

JAN 10 1996

Bill Jones  
Secretary of State  
1500 - 11th Street  
Sacramento, CA 95814

By Bill Jones, Secretary of State  
Deputy Secretary of State

Re: Initiative Title and Summary  
Subject: TOP INCOME TAX BRACKETS. CONTINUATION.  
REVENUES TO LOCAL AGENCIES. INITIATIVE STATUTE.  
File No: SA 95 RF 0049

Dear Mr. Jones:

Pursuant to the provisions of sections 9004 and 336 of the Elections Code, you are hereby notified that on this day we mailed to the proponents of the above-identified proposed initiative our title and summary.

Enclosed is a copy of our transmittal letter to the proponents, a copy of our title and summary, a declaration of mailing thereof, and a copy of the proposed measure.

According to information available in our records, the names and address of the proponents are as stated on the declaration of mailing.

Sincerely,

DANIEL E. LUNGREN  
Attorney General

Kathleen F. DaRosa  
KATHLEEN F. DaROSA  
Initiative Coordinator

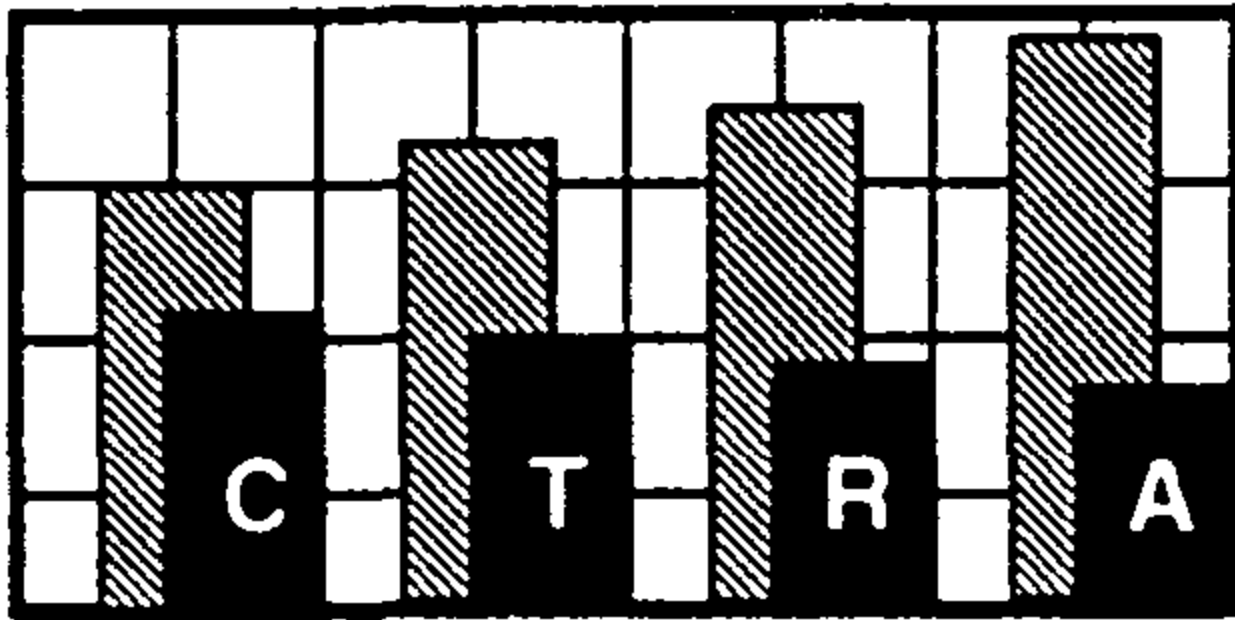
KFD:ms  
Enclosures

Date: January 10, 1996  
File No: SA95RF0049

The Attorney General of California has prepared the following title and summary of the chief purposes and points of the proposed measure:

TOP INCOME TAX BRACKETS. CONTINUATION. REVENUES TO LOCAL AGENCIES. INITIATIVE STATUTE. Continues highest tax rates of 10% and 11% on residents with taxable income over \$100,000 and \$200,000, respectively, and residents who are heads of households with taxable income over \$136,115 and \$272,230, respectively. Requires apportionment of revenues from continued tax brackets among counties. Requires counties to allocate such revenues among local agencies in accordance with each agency's proportionate share of property tax revenue that must be transferred under 1994 legislation to local school and community college districts. Prohibits future reduction of a local agency's proportionate share of property taxes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Increased revenue to the state of approximately \$900 million in the 1996-97 fiscal year and approximately \$750 million annually thereafter. Up to 60% of the increased revenue would be allocated to schools and the remainder would be allocated to local governments. Limits the state's ability to reduce local government revenues through property tax shifts.





## California Tax Reform Association

926 J Street, Suite 710, Sacramento, CA 95814

Telephone 916-446-4300 FAX 916-444-6611

November 27, 1995

Office of the Attorney General  
Department of Justice  
1300 I Street  
Sacramento, CA 95814

RECEIVED  
NOV 30 1995

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Attention: Kathleen F. DaRosa, Initiative Coordinator

RE: Local Control and Fiscal Responsibility Act

Dear Ms. DaRosa:

Enclosed are minor, technical changes to the aforementioned initiative measure, originally submitted to your office on November 17, 1995. The changes are made for the purpose of consistency of use of the term "Local Agencies" throughout the measure.

Please **do not** enter these changes if their inclusion will *in any way* delay the processing of the measure by your office.

For the sake of clarity, we have included two copies of the revised language; one in which we have highlighted and underlined the changes.

Thank you for your assistance. Please contact us at (916) 446-4300 with any questions.

Sincerely,

Lenny Goldberg

Roy Ulrich

Page 1

**INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

The Attorney General has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

**TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA**

We, the undersigned, registered, qualified voters of California, residents of \_\_\_\_\_ County (or City and County), hereby propose amendments to the Revenue and Taxation Code, relating to taxation, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments (full title and text of the measure) read as follows:

An act entitled the "Local Control and Fiscal Responsibility Act", to add Chapter 6.6 (commencing with Section 30061) to Part 6 of Division 3 of Title 3 of the Government Code, and to amend sections 17041 and 19603 of, and to add section 97.42 to, the Revenue and Taxation Code.

Section 1. The people of the State of California do hereby find and declare all of the following:

(a) Local taxpayers have the right to see their property tax dollars controlled locally and spent for the local services they need. But every year since 1992, against the wishes of local government and taxpayers, the state government has taken at least \$3 billion 600 million dollars (\$3,600,000,000) of property taxes from the cities and counties to cover the state's budget deficit.

(b) This property tax shift from local government control to state government has severely damaged the ability of local governments to provide basic local services such as police, sheriffs, fire, parks, libraries, emergency medical services, and child protection.

(c) To replace the funds taken by the state government, ordinary taxpayers have been burdened with increased sales taxes, other taxes and increased fees at the local level even as local services have been cut.

(d) Instead of reversing this tax shift from the state back to local control, the state Legislature gave an \$800 million (\$800,000,000) tax break to the wealthiest 1.2% of Californians by reducing the top income tax brackets in 1996. These wealthiest 1.2% of taxpayers will receive at least \$4 billion (\$4,000,000,000) in tax breaks over the next 5 years while local services will suffer and average taxpayers get no relief.

(e) When tax measures which fall on ordinary citizens, such as sales tax increases, were due to end, the state Legislature has continued them or provided for a vote of the people on their continuation. But when income tax rates on only the very wealthiest 1.2% of taxpayers were due to expire, the state Legislature refused to even allow a vote of the people on continuing the top income tax brackets.

(f) Reversing these two actions of the Legislature--the property tax shift and the tax cut for the wealthy--will help restore stability to city and county services, will relieve the burden on local taxpayers, and will improve the fiscal and economic condition of the entire state of California.

(g) Thus, the people of the State of California enact the "Local Control and Fiscal Responsibility Act" to provide cities and counties with fiscal relief and restoration in proportion to the revenue loss that each local agency sustains as a result of the continued financing of the state budget at the expense of local government, and to pay for the amount of fiscal relief and restoration as can be financed by continuing those top income tax rates on the wealthiest taxpayers that would otherwise expire in 1996.

(h) It is the intent of the people of the State of California to restore the historical connection of basic local government services to the local property tax. In view of the complexity of both the method by which the Legislature transferred property tax revenues from local agencies and of reversing this transfer by the initiative process, the people hereby call upon the Legislature and Governor to take those actions that are necessary to reverse the property tax shift from cities, counties and special districts in a manner that maintains and is consistent with the funding and allocation levels resulting from this measure.

Section 2. Chapter 6.6 (commencing with Section 30061) is added to Part 6 of Division 3 of Title 3 of the Government Code, to read:

#### CHAPTER 6.6. LOCAL FISCAL RELIEF

30061. (a) Upon receipt by a county of an apportionment made pursuant to subdivision (b) of Section 19603, the county treasurer shall deposit that apportionment in a Fiscal Relief and Restoration Fund in the county treasury and shall notify the auditor of the amount of that deposit. For each fiscal year immediately following a fiscal year in which a deposit is made into a county's Fiscal Relief and Restoration Fund pursuant to this section, the auditor shall allocate the amount of the deposit, including any interest accrued thereon, among the Local agencies in the county in accordance with each Local agency's proportionate share of the total amount of property tax revenue that is required to be shifted from all Local agencies in the county for that fiscal year as a result of Sections 97.2 and 97.3 of the Revenue and Taxation Code. For purposes of determining proportionate shares pursuant to the preceding sentence, the auditor shall reduce the shift amount determined for each Local agency by the amount of money allocated to that agency pursuant to Section 35 of Article XIII of the California Constitution, and shall also reduce the shift amount determined for all Local agencies in the county pursuant to

that same constitutional provision. For purposes of this paragraph, "Local agency" does not include a redevelopment agency or an enterprise special district, and an "enterprise special district" means a special district that engages in an enterprise activity as identified in the 1989-90 edition of the State Controller's Report on Financial Transactions of Special Districts in California.

(b) It is the intent of the people of the State of California in enacting this section to provide basic fiscal relief to Local agencies in proportion to the amounts of property tax revenue that state law diverted from Local agencies commencing with the 1992-93 and 1993-94 fiscal years, but reduced by the additional revenue allocated to those agencies pursuant to the sales and use tax currently imposed by Proposition 172 which was approved by statewide voters at the November 2, 1993 special statewide election.

### Section 3. Limit on future property tax shifts.

Section 97.42 is added to the Revenue and Taxation Code, to read:

97.42 (a) Notwithstanding any other provision of law, for each fiscal year commencing with the 1996-97 fiscal year, the auditor shall not reduce the proportionate share of total property tax revenues collected in the county that is allocated to Local agencies below the corresponding proportionate share for those Local agencies for the 1995-96 fiscal year.

(b) It is the intent of the people of the State of California in enacting this section that the amount of fiscal relief provided by the statutory initiative adding this section not be offset by an additional diversion of local property tax revenues by the state. It is further the intent of the people that the amount of fiscal relief provided by this statutory initiative not be offset by any other diversions of local revenue by the state.

### Section 4. Continuation of the top income tax brackets.

Section 17041 of the Revenue and Taxation Code is amended to read:

17041. (a)(1) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state, except the head of a household as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income:

If the taxable income is:	the tax is:
Not over \$3,650.....	1% of the taxable income
Over \$3,650 but not over \$8,650.....	\$36.50 plus 2% of the excess over \$3,650
Over \$8,650 but not over \$13,650.....	\$136.50 plus 4% of the excess over \$8,650
Over \$13,650 but not over \$18,950.....	\$336.50 plus 6% of the excess over \$13,650
Over \$18,950 but not over \$23,950.....	\$654.50 plus 8% of the excess over \$18,950
Over \$23,950.....	\$1,054.50 plus 9.3% of the excess over \$23,950

(2)(A) For any taxable year beginning on or after January 1, 1991, ~~and before January 1, 1996~~, the income tax brackets and rates set forth in paragraph (1) shall be modified by each of the following:

(i) For that portion of taxable income that is over one hundred thousand dollars (\$100,000) but not over two hundred thousand dollars (\$200,000), the tax rate is 10 percent of the excess over one hundred thousand dollars (\$100,000).

(ii) For that portion of taxable income that is over two hundred thousand dollars (\$200,000), the tax rate is 11 percent of the excess over two hundred thousand dollars (\$200,000).

(B) The income tax brackets specified in this paragraph shall be recomputed, as otherwise provided in subdivision (h), only for taxable years beginning on and after January 1, 1992.

(b) There shall be imposed for each taxable year upon the entire taxable income of every nonresident or part-year resident which is derived from sources in this state, except the head of a household as defined in Section 17042, a tax which shall be equal to the tax computed under subdivision (a) as if the nonresident or part-year resident were a resident multiplied by the ratio of California adjusted gross income to total adjusted gross income from all sources. For purposes of computing the tax under subdivision (a) and gross income from all sources, the net operating loss deduction provided in Section 172 of the Internal Revenue Code, as modified by Section 17276, shall be computed as if the taxpayer was a resident for all prior years.

(c)(1) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state, when the resident is the head of a household, as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income:

If the taxable income is:	the tax is:
Not over \$7,300.....	1% of the taxable income
Over \$7,300 but not over \$17,300.....	\$73 plus 2% of the excess over \$7,300
Over \$17,300 but not over \$22,300 .....	\$273 plus 4% of the excess over \$17,300
Over \$22,300 but not over \$27,600.....	\$473 plus 6% of the excess over \$22,300
Over \$27,600 but not over \$32,600.....	\$791 plus 8% of the excess over \$27,600
Over \$32,600.....	\$1,191 plus 9.3% of the excess over \$32,600

(2)(A) For any taxable year beginning on or after January 1991, ~~and before January 1, 1996~~, the income tax brackets and rates set forth in paragraph (1) shall be modified by each of the following:

(i) For that portion of taxable income that is over one hundred thirty-six thousand one hundred fifteen dollars (\$136,115) but not over two hundred seventy-two thousand two hundred thirty dollars (\$272,230), the tax rate is 10 percent of the excess over one hundred thirty-six thousand one hundred fifteen dollars (\$136,115).

(ii) For that portion of taxable income that is over two hundred seventy-two thousand two hundred thirty dollars (\$272,230), the tax rate is 11 percent of the excess over two hundred seventy-two thousand two hundred thirty dollars (\$272,230).

(B) The income tax brackets specified in this paragraph shall be recomputed, as otherwise provided in subdivision (h), only for taxable years beginning on and after January 1, 1992.

(d) There shall be imposed for each taxable year upon the entire taxable income of every nonresident or part-year resident which is derived from sources within this state when the nonresident or part-year resident is the head of a household, as defined in Section 17042, a tax which shall be equal to the tax computed under subdivision (c) as if the nonresident or part-year resident were a resident multiplied by the ratio of California adjusted gross income to total adjusted gross income from all sources. For purposes of computing the tax under subdivision (c) and gross income from all sources, the net operating loss deduction provided in Section 172 of the Internal Revenue Code, as modified by Section 17276, shall be computed as if the taxpayer was a resident for all prior years.

(e) There shall be imposed for each taxable year upon the taxable income of every estate, trust, or common trust fund taxes equal to the amount computed under subdivision (a) for an individual having the same amount of taxable income.

(f) The tax imposed by this part is not a surtax.

(g)(1) Section 1 (g) of the Internal Revenue Code, relating to certain unearned income of minor children taxed as if the parent's income, shall apply, except as otherwise provided.

(2) Section 1(g)(7)(B)(ii)(II) of the Internal Revenue Code, relating to income included on parent's return, is modified, for purposes of this part, by substituting "five dollars (\$5)" for "seventy-five dollars (\$75)" and "1 percent" for "15 percent."

(h) For each taxable year beginning on or after January 1, 1988, the Franchise Tax Board shall recompute the income tax brackets prescribed in subdivisions (a) and (c). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall do both of the following:

(A) Compute the inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(b) Multiply the preceding taxable year income tax brackets by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest one dollar (\$1).

(i)(1) For purposes of this section, the term "California adjusted gross income" includes each of the following:



(A) For any part of the taxable year during which the taxpayer was a resident of this state (as defined by Section 17014), all items of adjusted gross income, regardless of source.

(B) For any part of the taxable year during which the taxpayer was not a resident of this state, only those items of adjusted gross income which were derived from sources within this state, determined in accordance with Chapter 11 (commencing with Section 17951).

(2) For purposes of computing "California adjusted gross income" under paragraph (1), the amount of any net operating loss sustained in any taxable year during any part of which the taxpayer was not a resident of this state shall be limited to the sum of the following:

(A) The amount of the loss attributable to the part of the taxable year in which the taxpayer was a resident.

(B) The amount of the loss which, during the part of the taxable year the taxpayer is not a resident, is attributable to California source income and deductions allowable in arriving at adjusted gross income.

(j) It is the intent of the people of the State of California in enacting the amendments to this section made by the statutory initiative adding this subdivision to continue those marginal income tax rates that affect only the very highest income taxpayers and would otherwise expire in 1996, in order to generate those revenues necessary to provide a basic level of local fiscal relief and maintain the state's ability to fulfill its other obligations. It is the intent of the people of the State of California that any future enactment that alters the rate, base, or burden of the state personal income tax at least maintain the level and proportionate share of revenues derived from the marginal income tax rates provided for by the statutory initiative adding this subdivision.

#### Section 5. Allocation of revenues from state to local government

Section 19603 of the Revenue and Taxation Code is amended to read:

19603. ~~The~~ (a) Except as provided in subdivision (b), the balance of the moneys in the Personal Income Tax Fund shall, upon order of the Controller, be drawn therefrom for the purpose of making refunds under this part or be transferred to the General Fund. All undelivered refund warrants shall be redeposited in the Personal Income Tax Fund upon receipt by the Controller.

(b) (1)(A) Subject to any reduction required by subparagraph (B), on December 1 of each fiscal year, there is hereby deposited in the Local Agency Fiscal Restoration Account, which is hereby created in the General Fund, that additional amount of personal income tax revenue that is collected for the immediately preceding taxable year as a result of the amendments to Section 17041 made by the statutory initiative adding this subdivision which continue in existence the two highest personal income tax rates.

(B) Notwithstanding any other provision of law, any increase resulting from the statutory initiative adding this subdivision in the amount of state educational funding required by Section 8 of Article XVI of the California Constitution and any implementing statute shall be funded from a reduction in the amount of the deposit

otherwise required by subparagraph (A). In no event shall the statutory initiative adding this subdivision result in a level of state educational funding that is less than the level of state education funding that would occur in the absence of that measure.

(2) In each fiscal year, the full amount of revenues that is deposited in the Local Agency Fiscal Restoration Account pursuant to paragraph (1) is hereby appropriated to the Controller for apportionment among all counties in the state. Based upon information provided by the Department of Finance, the Controller shall make an apportionment to each county in accordance with the proportion that the total amount of revenue, required to be shifted for the prior fiscal year from all Local agencies of the county as a result of Sections 97.2 and 97.3, bears to the total amount required to be shifted for the prior fiscal year as a result of those same sections for all Local agencies in the state. For purposes of determining proportionate shares pursuant to the preceding sentence, the Controller shall reduce the total amount of shift revenue determined for all Local agencies of a county by the total amount of revenue allocated in that county pursuant to Article XIII of Section 35 of the California Constitution, and shall also reduce the total amount of shift revenues determined for all Local agencies in the state by the total amount of revenue allocated in the state pursuant to that same constitutional provision. Each apportionment received by a county pursuant to this section shall be deposited by the county treasurer as provided in Section 30061 of the Government Code. For purposes of this subdivision, "Local agency" has the same meaning as that same term used in Section 30061 of the Government Code.

(c) It is the intent of the people of the State of California in enacting subdivision (b) to make those personal income tax revenues, derived from the tax rates imposed upon only the very highest income taxpayers, available to relieve Local agencies that have been required by state law to assume a portion of the state's funding burden, and thereby allow those agencies to better fund essential public services.

Section 6. The Legislature may amend this measure only by a statute, passed in each house of the Legislature by a two-thirds vote, that is consistent with and furthers the purposes of this measure. However, the Legislature may enact a statute to implement subdivision (h) of Section 1 of this measure with the approval of only a majority of each house of the Legislature.



